

1527

## Summary of FS Amendments to the Stevens-Roth retirement bill.

These amendments add a new title to the Stevens-Roth retirement bill (S. 1527) to establish a Foreign Service Pension System (FSPS) for members appointed after 1983, similar to the Federal Retirement System (FRS) established for civil servants appointed after 1983. The amendments act to incorporate new material in the Foreign Service Act, thereby preserving the statutory distinction between FS and Civil Service retirement.

The Foreign Service has always had its own retirement system, separate from the Civil Service, to permit operation of its up-or-out personnel system, as endorsed and expanded by the Foreign Service Act of 1980. The Foreign Service system is also necessary to permit the early retirement of members who, for various reasons, are no longer able to serve abroad after completing a career in dangerous and difficult environments.

The FSPS proposed in this amendment would preserve voluntary retirement for the Foreign Service at age 50 with 20 years of service, and would not change existing provisions for mandatory retirement, or retirement by selection out, or for time-in-class.

The basic structure of retirement benefits for the FSPS would parallel those proposed in the Stevens-Roth bill for other occupations eligible for age 50 retirement, such as law enforcement officers. FS retirees would receive an annuity averaging 1 percent of salary for each year's service. Those under 62 would also receive an annuity supplement in lieu of Social Security benefits. Annuitants aged 62 or over would receive their annuity plus regular Social Security benefits. Finally, the FSPS would allow voluntary participation in a thrift plan. Members of the FS would be able to contribute up to 10 percent of their salary, tax deferred, to a thrift account; the government would match contributions up to 5 percent per year on a dollar-for-dollar basis, also tax deferred. Retirees could draw income from their thrift account from the moment of retirement, subject to tax, or could further defer taxation by "rolling over" the money into an Individual Retirement Account. Total retirement income from all three parts of the plan should be comparable to that provided by the existing FS Retirement and Disability System.

Other key features of the existing FSRDS would be extended to members of the FSPS, including extra retirement credit for service at unhealthful posts, and the current FS treatment on salary for re-employed annuitants. The amendments also provide that all payments to and benefits from the FSPS shall be made into/from the existing Foreign Service Retirement Fund, and that the Secretary of State shall administer the FSPS. Finally, the amendments would allow current participants in the FSRDS to transfer to the FSPS, at their option, with full protection for benefits already earned under the FSRDS.

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